GOVERNMENT OF INDIA
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:544
ANSWERED ON:04.05.2000
FUNCTIONING OF P.D.S.
ANNA SAHEB M.K. PATIL;C. SREENIVAASAN

Will the Minister of CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Tata Economic Consultancy Service was engaged in 1997 to assess the extent ofdiversion of foodgrains, sugar and edible oils from P.D.S. in the country;

(b) if so, the details of the assessment made by TECS; and

(c) the reaction of the Government thereon?

Answer

MINISTER OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(SHRI SHANTA KUMAR)

(a),(b) & (c) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b) & (c) OF STARRED QUESTION NO. 544 FOR ANSWER IN LOK SABHA ON 04-05-2000.

(a) & (b): Yes, Sir. The Tata Economic Consultancy Service (TECS) was engaged in the year1997 for a study to assess the extent of diversion of foodgrains, sugar and edible oil from Public Distribution System (PDS) in the country.At the national level the diversion is estimated at 36% in case of wheat, 31% in case of rice, 23% in case of sugar and 55% in case of edible oils.

The TECS study identified major causes of diversion and suggested remedial measures tocurb diversion. The major causes for diversion cited in the study are bulk diversion from godowns, bogus units in ration cards, underweighment at various levels, illiteracy of consumers, low profit margins for Fair Price Shops (FPS) owners, floating population, fictitiousdistribution agencies, non-availability/irregular supply and variation in entitlement and inferior quality with foreign particles. The study also suggested certain remedial measures to curb diversion like avoiding monthly variation in allocations, minimising storage and transit loss, avoiding distribution by agencies other than FPS, weeding out bogus units in ration cards/bogus ration cards, improving communication between FCI and State Governments/ FPS, increase in profit margins of FPS, excluding the affluent sections from the purview of PDS gradually.

(c) Public Distribution System is implemented under the joint responsibility of the Central and State Governments/UT Administrations. The Central Government is responsible forprocurement, storage and transportation of the PDS commodities up to the central godowns and making them available to the States. The responsibility for distribution to the consumers through the Fair Price Shops and administration of the PDS rests with the State Governmentsand UT Administrations. The matter of diversion of PDS commodities was taken up with the State Governments. Many states, while disagreeing with the estimates of diversion brought out in the study, recognised that leakages do take place. Following steps have been initiated by the Government to check leakages and curb diversion of foodgrains.

(i) State Governments have been requested to closely monitor PDS at the Fair Price Shops(FPSs) and other levels and to make arrangement for distribution of PDS commodities in atransparent and accountable manner by involvement of Panchayati Raj Institutions (PRIs) etc. in implementationof PDS.It has also been impressed upon the State Governments that publicity regarding allotments to FPS should be given through the local media.The fair price shops should be asked to display on the notice boards the allotment they have received for the month along with closing balance. They have also been asked to eliminate bogus ration cards and initiate action against erring FPS owners under Section 3 of Essential Commodities Act, 1955.

(ii) State Government have been advised that they can provide for obligations under Section3 of Essential Commodities Act, 1955 to penalise the violation of the procedure relating to display of information by the FPS owner.The fair price shop should open on all prescribed days and complaints regarding closure during working hours should be addressed seriously. Ration cards should be issued in a time bound and transparent manner by the authorities and the administrative system should be accountable to the public bodies in this regard. All efforts should be made to weed out the bogus ration cards in the States.

(iii) The Government of India has set up Public Grievances` Redressal Cell in the Department of Public Distribution to attend to the complaints relating to any aspect of the Department`s functioning including the Public Distribution System.The Public Grievances` Redressal Cellhas been provided with an independent telephone, fax and e-mail facilities in addition to a facilitation counter to

receive public complaints. In order to attend to public complaints on priority, the Department has also designated the senior officers of the Department as members of flying squad for conducting immediate and prompt enquiry whenever the need for it is felt. The Government of India also has appointed Area Officers to States/UTs to monitor the functioning of Public Distribution System including the complaints of diversion.